

AGENDA



Thursday, May 22, 2008

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 18**

Subject: Authorize award and execution of a contract with SIEMENS POWER TRANSMISSION & DISTRIBUTION, Wendell, North Carolina, for the purchase of a 3-phase generator step-up transformer in an amount not to exceed \$1,815,000.

Amount and Source of Funding: Funding is available in the Fiscal Year 2007-2008 Capital Budget of Austin Energy.

Fiscal Note: A fiscal note is attached.

For More Information: Dolores Castillo, Sr. Buyer, 322-6466

Purchasing Language: Lowest bid of seven bids received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract will provide Austin Energy (AE) with a 3-phase generator step-up transformer to be used as a generator step-up transformer for multiple generators at the Sand Hill Energy Center (SHEC). This transformer may also be used to step-down voltage from the system to low voltage for auxiliary power service even if generators are in service. This transformer will be a new installation at the SHEC and will be used for the planned additional peaking units at SHEC.

Transformer bids are evaluated based on the "total owning cost." The total owning cost is the purchase price plus the value of losses (electricity lost during the voltage reduction) over the expected 30-year life span of the transformer. A mathematical formula was published in the solicitation to calculate the total owning cost offered in each bid.

MBE/WBE Solicited: 2/2 MBE/WBE Bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Fifty-six notices were sent, including two MBEs and two WBEs. Seven bids were received, with no response from the MBE/WBEs.
- c. This is the first purchase of this type and size transformer; therefore, no pricing history is available.

APPROVAL JUSTIFICATION

- a. Lowest evaluated bid received.
- b. The Purchasing Office concurs with AE's recommended award.
- c. Advertised on the Internet.